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D136897074

6 COURT OF COMMON PLEAS

7 HAMILTON COUNTY, OHIO

8 CITY OF CINCINNATI

9 Plaintiff,

10 vs.

11 JOHN KLOSTERMAN, ET. AL.

12 Defendants

Case No.: A190558  
(Judge Wende C. Gross)  
(Magistrate Anita P. Berding)

FILED

2022 DEC 14 10:20:00

CLERK OF COURTS  
HAMILTON COUNTY, OH  
COMMON PLEAS

13 DEFENDANTS OBJECTION TO PLAINTIFFS MOTION BY RECEIVER FOR  
14 APPROVAL OF FEES AND EXPENSES OF TRISTATE ORGANIZATION, INC.  
15 THROUGH NOVEMBER 30, 2022, ORDERING DIRECT PAYMENT and  
16 DEFENDANTS OBJECTION TO PLAINTIFFS MOTION BY RECEIVER FOR  
17 APPROVAL OF FEES AND EXPENSES THROUGH NOVEMBER 30, 2022,  
18 ORDERING DIRECT PAYMENT

19 COMES NOW the Defendant in this matter, JOHN KLOSTERMAN, with his objection  
20 to the Plaintiff's Motion by the Receiver for Approval of Fees and Expenses of Tri-State  
21 Organization, Inc. through the date of November 30, 2022, with a request for Direct Payment  
22 immediately upon approval.

23 Simply put, Defendant objects to this Motion at the time being until (at least) all balance  
24 sheets and a full forensic accounting report is presented to this Court

25 FACTUAL ALLEGATIONS

26 8. On or about March 1, 2020, Tri-State Organization Inc. (after being retained by the  
27 aforementioned court-ordered receiver, BOYDSTON) began managing Plaintiff's properties in  
28

EXHIBIT

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1 what was supposed to be a relatively standard process which would eventually result in the sale  
2 of said properties, in turn, allowing the Plaintiff to satisfy a judgment that the City of Cincinnati  
3 had obtained against him in case no. A1905588.

4 9. Tri-State began collecting unpaid rents that month and for the months following would  
5 collect just under \$9,000 on said monthly basis. These funds were meant to be used to pay  
6 recurring bills, mortgages, and the balance used to prepare buildings for sale. That amount was  
7 considered the budget.  
8

9 10. The stated agreement in a meeting with Tri-State, the Plaintiff and the Receiver,  
10 BOYDSTON, was that they would provide a team of skilled workers that would do the needed  
11 construction that would turn Plaintiff's properties into rentals in a relatively timely fashion.

12 11. At the time March 1, 2020 said properties were turned over to the Receiver and Tri-State,  
13 they were tasked with "flipping" seven of Plaintiff's units.

14 12. Plaintiff proceeded to meet with the President/Owner of Tri-State, JOE LENTINE, and  
15 both parties devised a strategy to get the inventory turned over to maximize the properties'  
16 rental income.  
17

18 13. At the time, none of the current tenants were in need of repairs, emergency or otherwise.  
19 BOYDSTON declared all the rented properties in "B" grade condition.

20 14. Plaintiff admits that the month of March, 2020, was a so-called "learning" month for  
21 Tri-State, but Plaintiff began to grow concerned once he received the second status report.

22 15. Plaintiff questioned why he was paying for everything Tristate reported on his expense  
23 report., including all equipment used, office material, and many other items that should have  
24 already been obtained by a rehab company before beginning work on a particular job. Even at  
25 that juncture, when Plaintiff  
26 inquired about the questionable expenditures, nothing was done to resolve the issue and no  
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1 questions were answered, complex, simple, or otherwise.

2 16. Further, when the June, 2020 expenditures arrived, Plaintiff found these to be even more  
3 troubling...it was revealed through said report that Plaintiff was paying for all the equipment,  
4 including an actual truck that Tri-State was supposedly using to "operate" the business.  
5 Plaintiff alleges that the Receiver hired this company with the knowledge that they  
6 actually, had no tools, equipment, or otherwise to operate a proper construction/rehab company,  
7 and Receiver did not question any of the tools at all.

9 17. Plaintiff alleges that Defendant LENTINE's point man on this job, a gentleman only  
10 known as KEITH, had seemed qualified to do this job upon their initial meeting in February, but  
11 after that one and only initial meeting, Plaintiff never saw him again or the personnel he had  
12 promised to bring onto the job. Plaintiff contacted LENTINE multiple times about where Keith  
13 was and where his personnel were, and why nothing was getting accomplished on the rehab  
14 projects. The Plaintiff was given no proper or reasonable explanation.

15 18. Further, Plaintiff was personally in the area every day to watch the work being done and  
16 to inquire with the neighbors about the work being accomplished and the workers that they  
17 would come into contact with. The neighbors informed the Plaintiff that the "personnel" they  
18 were introduced to were employees from Defendant's Pizza operation called "Full  
19 Circle Pies" on North Bend Road, and not the experienced personnel as promised

20 19. Plaintiff alleges that the workmanship done on truly historic homes, where all the  
21 Plaintiff's 29 units were on the National Register of Historic Places (some aged at 125  
22 years) was totally unprofessional and done by "personnel" that was also unequivocally under  
23 qualified.

24 20. After being presented with the two "padded" and/or fraudulent reports and never coming  
25 into contact with LENTINE's "team of experienced construction personnel", Plaintiff alleges  
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1 the rehab project turned into an “unmitigated disaster”, not only to the properties physical well-  
2 being in general, but also the continue blatant misuse of the Plaintiff’s funds in the amount  
3 of nearly \$40,000.00

4 21. Plaintiff alleges there was no budget presented to him by the Receiver, Tri-State, or any  
5 other affiliates, and there was also no itemized invoices stating how the labor cost was spent  
6 and what was accomplished with it.  
7

8 22. Plaintiff e-mailed the Receiver on multiple occasions stating his concerns with the  
9 Status reports and requesting the receipts to review, along with other pertinent questions he felt  
10 needed answered. Currently, these e-mails have gone unanswered.

11 24. Plaintiff asserts Defendants failed to secure all the buildings initially which were always  
12 secured by the Plaintiff. Specifically, 649 Steiner, 652 Steiner, 638 Steiner, 654 Steiner ,707  
13 Delhi, 793 Delhi and 685 Halsey. Many of these addresses have multiple times been  
14 unsecured and it was stated in emails that they continued to be not secured 4 , 5 and 6 months  
15 into the project .  
16

17 25. Plaintiff asserts Defendants failed to adhere to demand accounting systems be used  
18 by TSO after Plaintiff agreed to purchase and set up Quickbooks for the accounting and Job  
19 costing for the management company. TSO refused to use it even though there was a trained  
20 person on staff to input data for crucial and timely reports. TSO had no accounting system  
21 which has been evident by reviewing the reports. They are negligent at best and fraudulent at  
22 worst.  
23

24 26. Plaintiff asserts Defendants failed to stop TSO from purchasing equipment tools and  
25 office supplies on the plaintiffs budget, when in fact any company that is hired to perform rehab  
26 of apartments would have all these tools and supplies in order to run a business. TSO had none  
27 as evidence of over \$15,000.00 in tools, office supplies, repair of TSO old equipment before it  
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1 could be used were all billed to the Plaintiff. A clear violation of the Defendant's duties to  
2 prohibit it from happening., but it continues to today.

3 27. Plaintiff asserts Defendants failed to make accounting adjustment on double billing, false  
4 billing and fraudulent rental assistance pointed out to and documented in management reports.

5 28. Defendants failed to correct the fraudulent sale by TSO to the Receiver of a Ford F250  
6 truck. It was verified by the Plaintiff that it was owned by TSO (verified by Hamilton County  
7 Title Agency). TSO stated fraudulently that he purchased it for the Receiver. In fact TSO/Joe  
8 Lentine Fraudulently sold it to the receiver for a much inflated price. No title has been seen.

9 Plaintiff reported it but nothing was done. Emails support the claim. Receiver in a court  
10 motion clearly answered that he had not purchased it, but Plaintiff did not ask that question. It is  
11 alleged that Receiver is working hand-in-glove with TSO's fraudulent enterprise and is  
12 working against the Plaintiff to "run up" the expenses so TSO could purchase the properties at a  
13 reduced price. Plaintiff alleges that Receiver has knowledge that Defendant Lentine continues  
14 to launder illicit funds in order to have "equity" in the potential sale to himself where defendant  
15 Boydston will benefit with legal work. Over \$200,000.00 is unaccounted for and Plaintiff  
16 alleges much of that sum is laundered money.

17 29. Plaintiff asserts Defendants failed to turn over records that were ordered by the court  
18 and requested by plaintiff after the order was mandated. Even after the first documents were  
19 delivered, the Plaintiff requested the balance of the records but Defendants slow walked the  
20 request and only provided 40 sheets of paper when in fact all the bank records which had the  
21 bulk of the alleged fraud contained in them were not turned over. That failure shows the  
22 allegation that Plaintiff makes here that Defendant Boydston, the receiver, should be criminally  
23 liable for his involvement in hiding of the records from TSO.

24 30. Plaintiff asserts Defendants failed to answer any legitimate concerns and questions when  
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1 he had explicitly stated in an email to contact him, and him alone with any problems from TSO  
2 and to report them directly to him and no one else. Obviously, it was to make sure it was only  
3 the Receiver that knew of the improprieties that Plaintiff was uncovering on a regular basis and it  
4 was the Receiver who participated and even commingled expenses with TSO. Only one, in over  
5 a year, was 10% of the items answered. Clear Obstruction from TSO.  
6

7 31. Plaintiff asserts Defendant Boydston, being a bankruptcy attorney, should have known to  
8 have better reporting systems in place. It is alleged that there is collusion with 3 or more parties  
9 namely Mr. Joe Lentine, the City of Cincinnati, the Receiver Richard Boydston.

10 32. Receiver's co-mingling in the operation of TSO by the purchase of insurance  
11 policies for TSO and 3 other people who are independent subcontractors should be considered  
12 fraudulent business practices. In fact, they should have never been on any policy. Plaintiff  
13 alleges corporate fraud and Plaintiff has paid for the initial insurance and continues to pay  
14 for the insurance of these other parties on a monthly basis.  
15

16 33. Plaintiff asserts there was failure by the receiver to recover from TSO the over \$800.00  
17 in purchases from U-Line Corporation through Mr. Lentine's now defunct company, Half Circle  
18 Pies. Invoices show material was billed to Receiver, and Paid. However, there were 3 invoices  
19 from Uline that were unpaid and turned over to a collection agency. The plaintiff in an email  
20 told the City of Cincinnati and the Receiver that he had documented proof of what had happened  
21 and asked the Receiver to pay Uline. Nothing was done.  
22

23 34. Plaintiff asserts Defendant Boydston failed to assure that TSO was maintaining tenant  
24 issues. In fact 3 original tenants were lost due to poor or incomplete maintenance causing a loss  
25 of \$1,500 in rental income.

26 35. Plaintiff asserts Defendant Boydston failed to initially verify TSO credentials. It was  
27 discovered that the required City contractor's license or liability insurance was not obtained  
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1 for five months. In addition, Plaintiff alleges TSO is not an active corporation and this has been  
2 verified by the Connecticut Secretary of State. They have no legal rights to operate as a  
3 corporation anywhere.

4 36. Plaintiff asserts Receiver and the city failed to require the management company TSO to  
5 have a budget and a plan on how they were to proceed to be able to get the 5 Apartments ready  
6 in order to sell the properties if a settlement was not reached.

7 37. Plaintiff alleges Defendant Boydston is attempting to sabotage the values by intercepting  
8 Plaintiffs' appeal to raise the property values of properties in Sedamsville. One example was 636  
9 Delhi, that had been reappraised by the auditor to \$137,000.00 due to the completion of the  
10 rehab. Receiver filed an appeal to reduce its legitimate value to \$50,000. In another property,  
11 685 Halsey, Receiver asked for the value to be reduced to \$1,000 from over \$100,000. Plaintiff  
12 asks why would a Receiver act contrary to his mission, which is to increase the values of the  
13 properties in this particular case.

14 38. As the 33 report states in its preamble once again "until there is improvement of cash  
15 flows from the operations.....no request for fees....."

16 Defendant asks his court for a full audit of the books of TSO. There is a reason there is no  
17 improvement. Mr. Boydston refused to install the controls via QuickBooks that the Defendant  
18 up and paid for. How convenient for Mr. Boydston and TSO. a virtual free for all, as the final  
19 billing documents show. Even more importantly there is no pre-final report from TSO where  
20 Defendant can compare billing vs work vs legal fees.

21 39. Every month whether it makes any difference to this court or not is glaring fraud and  
22 perjury by Mr. Lentine, who has admitted to his crimes, but has not been indicted pending a plea  
23 deal. Ms. Strunk Mr. Lentine's co-defendant has pleaded guilty and awaits sentencing is now  
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1 abruptly back on the job as there is a hurried addition to the payroll list. Worker #1 \$2,351.25.  
2 How Defendant would love to see that time sheet with different inks marking the dates making  
3 up the time.  
4

5 40. Defendant prays the court focus on the rental income where \$900,00 was owed and  
6 collected. The court records show that Mr. Randy Williams was given a 3 day notice and was  
7 evicted at the court hearing (he did not attend) and the plaintiff TSO was awarded the eviction  
8 and judgment. We all know that the judge asks " have you accepted any rents after you filed this  
9 action" Mr. Lentine perjured himself by answering 'No". Mr Lentene continues to launder  
10 money and by padding the rent rolls covers his inaction in the management of the properties.  
11 How many more over the 33 months did he offer " come rent this unfinished unit for whatever  
12 you can pay and I will pay the balance or the full amount. ( " I'm a good guy giving convicted  
13 felons and 80% of the tenants have criminal or evictions that would disqualify them in any but C  
14 and D grade housing units.)  
15

16 41. After checking the records of the now finally listed tenants, only 1 (one) would qualify  
17 under Defendants application rules. And given that over \$550,000.00 was reported as spent by  
18 TSO, the units would be in Hyde Park shape.  
19

20 42. Indeed, Mr. Boydston stated on more than one billing memo so far that he edited the  
21 rental income and many times stated in "charge memos" conference calls to edit the monthly  
22 reports before they were submitted to the court. Why all the conferences and editing? Because  
23 there was no accounting present. TSO was not certified as a Real Estate Management company  
24 as evidenced by the over \$65,000.00 billing dollars spent by Mr. Boydston mopping up the  
25 sh...t show Mr Lentine made on a monthly basis until Mr Boydston refused to show the Bank  
26 and Employee records to Defendants Agents by court order. It is still alleged that Mr. Boydston  
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1 was and still is a Co-employee of Mr. Lentine.

2  
3 43. Mr. Boydston did most of the work that Lentine was hired to do as a management  
4 company. Mr. Lentine in his opening paragraph states that there was "an agreement" and in  
5 legal billings Mr. Boydston conferences with Lentine and Ms. Strunk about "budget" Was there  
6 one or was it about the outlandish over budget amounts being submitted by TSO?  
7

- 8 • Mr. Boydston wrote and billed for writing leases.
- 9 • Wrote 30 day notices to be given to tenants
- 10 • Meeting with potential buyers
- 11 • Met with, called, emailed Community Action Agency to disprove the fraudulent  
12 submissions of rental assistance (and pocketed by Mr. Lentine) discovery in a future  
13 action will uncover all the missing information that Defendant alleges in this passage.
- 14 • Constantly edited the rental and other issues presented in the management reports
- 15 • Constantly drove by properties. Why? The highly documented job costing that should  
16 have been in place was absent. A judge makes rulings all day without stepping out of the  
17 courtroom. Why did Mr. Boydston visit over 30 times and counting. More after the  
18 arrest. ( it verifies that Mr. Boydston knew early on that Lentine should have been Fired,  
19 but did nothing )
- 20 • Allowing the fraudulent tax filing and reporting that it was paid, to stand not once but it  
21 continued to be reported and not paid.
- 22 • Mr Boydston was careful not to mention the arrest by the FBI in any of his billings or  
23 emails after the arrest. But Billing records show multiple (daily) calls to Lentine and  
24 Strunk, drive bys, talks with attorneys, etc. Defendant was fraudulently billed by Mr  
25 Boydston, it is alleged and will be proven in later Discovery.
- 26 • What were the "operations charts" that Mr. Boydston refers to and edits constantly?  
27 \*Now Mr. Boydston had to justify the Merry-go-round of repairing the same units time  
28 and time again. Where were the 36 ghost employees, the work made up. The Plaintiff and  
its agents had to hurry and get this job done before it crashed. The Defendant saw for  
over 2 years that it would crash. And very soon the investigations will begin.

44. We all know now that for over 2 years the Lentine/Strunk criminal enterprise was in  
operation. Bank statements will show that the receiver did nothing to stop it after he reviewed  
them because the legal fees justified his doing nothing about the operation and then unfortunately  
had to go behind nearly every action made by TSO to be cleaned up. (with the generous legal  
fees for tasks that would have been done professionally if a licensed Real Estate Company had

1 been employed.

2  
3 45. Mr Boydston continually had conferences, meetings and Email correspondence with the  
4 Building Department to explain why no permits were being pulled, and the work upon inspection  
5 (I have been told) was poor and had to be redone, (at Defendants expense) without supervision.  
6 Mr. Lentine was busy with PPP fraud.

7 46. Legal billings even show Mr Boydston looking into TSO. He had to find what Defendant  
8 found and reported to this court that Lentine did not have a corporation and that is why Mr.  
9 Boydston/Konza had to purchase the liability insurance policy for TSO to operate in the City of  
10 Cincinnati. The application was found to be fraudulent and Mr. Boydston had to fix that as well.  
11 Unnecessary Billings.  
12

### 13 ARGUMENT

#### 14 **I. Because Plaintiffs improperly Claim Fees and Expenses on Work for Which** 15 **They Have Not been Awarded Recovery, their entire Claim should be** 16 **disallowed.**

17 Plaintiff's Motion presents one of the increasingly common instances in which a fee  
18 application has been calculated so incredibly and blatantly under improper circumstances, that  
19 this Court should deny it in its entirety. In *Environmental Defense Fund v. Reilly*, the Court  
20 stated the following in regards to fee requests and applications:

21 *"We may deny in its entirety a request for an "outrageously unreasonable"*  
22 *amount, lest claimants feel free to make "unreasonable demands, knowing that*  
23 *the only unfavorable consequence of such misconduct would be reduction of their fee to*  
24 *what they should have asked for in the first place..."*

25 In the aforementioned case, the Court overseeing the matter disallowed the entire fee  
26 claimed by one of the Attorney's for the applicant (but not the others), because of an excessive  
27 amount of time claimed on certain tasks . The Court also noted that, as an alternative to  
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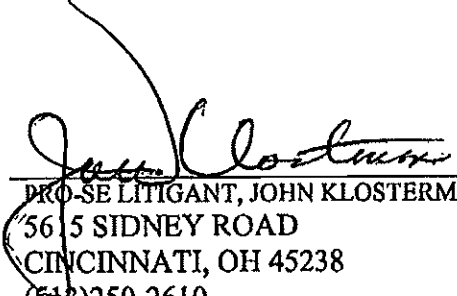
1 disallowance of the entire fee request , a court may “impose a lesser sanction, such as awarding  
2 a fee below what a “reasonable” fee would have been in order to discourage fee petitioners from  
3 submitting an excessive request.

4       Plaintiff’s Motions fits within the “outrageously unreasonable” standard described in  
5 *Environmental Defense Fund v. Reilly*. Even putting aside the fact that the overall amount  
6 suggested by the Plaintiffs “Report” is grossly excessive considering no deep-diving forensic  
7 accounting has been mandated by this Court, Plaintiff’s Motions is also outrageously  
8 unreasonable because Plaintiff’s have claimed substantial amounts on work that has been purely  
9 and seemingly created out of “thin air” so to speak. Plaintiff’s had no basis to believe , and could  
10 not have reasonably believed that they were entitled to the fees presented in their current  
11 submitted motions without a court mandated forensic accounting by an uninvolved third-party.  
12 Their conduct is aggravated by the fact they have already tried this procedure of “padding” fees  
13 before. A substantial sanction is appropriate to ensure that this does not happen again.  
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CONCLUSION

Defendant, JOHN KLOSTERMAN, requests an immediate injunction on this matter, halting any payments until a forensic accounting is done on the Receivers bookkeeping, as well as Tri-State Organizations bookkeeping, and all payments involving real estate contracts and other applicable fees are revealed to the Defendant and this Court. Mr. Klosterman also requests an immediate hearing on the matter, and such other and further relief as the court may deem proper.

DATED THIS 14<sup>TH</sup> DAY OF DECEMBER, 2021

  
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